

NATIONAL DAIRY MARKET AT A GLANCE

**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS:** Grade AA butter, in weekly trading, decreased 26 cents to \$2.3500.

In daily cash cheese trading, barrels closed at \$1.7725 on Friday, October 9, and blocks ended the week at \$1.8050. The weekly average is \$1.7670 for barrels and \$1.7985 for blocks.

In daily cash nonfat dry milk trading, the close on Friday, October 9, is \$1.1650 for Extra Grade and \$1.1650 for Grade A. The weekly average for Extra Grade is \$1.1650 and \$1.1645 for Grade A.

**BUTTER:** The market tone is unsettled. Buying interest this week is mixed as most orders continue to be delayed due to possible further weakening prices. On the other hand, some buyers are returning to the market as they feel the weakening prices will be short lived. Stocks of bulk and print butter are reported to be in close balance to short of full needs. Many producers and handlers are concerned about having sufficient stocks for the upcoming year end holiday period. Retail consumers are becoming increasingly aware of sharply higher prices on the grocery store shelf which may impact sales during the final quarter of the year.

**CHEESE:** The cash cheddar cheese market continues firm with new record high prices reached on both blocks and barrels. Current offerings remain limited as most plants remain fully committed with anticipated production for 2 or more weeks into the future. Demand is seasonally good as users prepare for the traditional strong fall sales period. Current production is about steady, reflecting milk receipts. Cumulative 8 month 1998 cheese production compared to the same period in 1997 are: cheddar cheese 1.786 billion pounds, off 22.2 million pounds (1.2%); mozzarella 1.564 billion pounds, up 51.6 million pounds (3.4%); and total cheese 4.980 billion pounds, up 93.4 million pounds (1.9%).

**FLUID MILK:** Milk production is mixed throughout the country. Fluid milk supplies are tight on the East coast. Southeastern handlers continue to look for supplemental milk as unseasonably warm temperatures limit milk output. Florida's milk production is stagnant as cows remain stressed from Hurricane Georges' torrential rains and daytime hot temperatures in the 90's. In the Middle Atlantic and Northeast, milk production is steady to lower and no significant production increases are being predicted until next Spring. Orders from the South continue to take the bulk of incoming milk with little extra for producer needs. Milk receipts in the Midwest are steady to lighter. Much improved local interest reduced the milk volumes handlers had available for Southern buyers. Milk production in most Southwestern areas is increasing. Weather conditions are nearly ideal with warm days and cool nights. Handlers report that the milk volume outlook going into the fall looks very positive. Favorable feed costs, good feed stocks, and strong milk prices are some factors that producers are taking advantage of at this time.

**DRY PRODUCTS:** The nonfat dry milk market is steady to firmer. However, some

producers and handlers feel that the current price firmness may be short lived. Producer stocks range from tight in the East to more balanced in the Central and Western regions. The whey market is weaker in the Central and the East. The combination of lack of demand from edible and feed users and increasing stocks is causing price adjustments. The lactose market is steady to weaker. Many producers continue to negotiate fourth quarter contracts.

**CCC:** During the week of October 5 - 9, the CCC did not purchase any nonfat dry milk and received no cancellations. They did sell back 128,847 pounds of NDM at \$1.1000 per pound.

**BASIC FORMULA PRICE (DAIRY PROGRAMS):** The basic formula price (BFP) for September 1998 is \$15.10 per cwt. at 3.5% test. The BFP is \$0.11 higher than last month and \$2.31 higher than September 1997. The BFP is the base month M/W price of \$14.69 plus a change of \$0.41., which is the change in the butter/powder/cheese formula from August to September. For September, the NASS average cheese price was \$1.6556. The butterfat differential is \$0.325. Class III-A prices are: for Federal Orders 1 & 2, \$19.87; for Order 4, \$19.89; for Orders 124, 131, & 135, \$19.85; for other affected orders, \$19.81.

**DAIRY PRODUCTS (NASS):** Butter production was 66.8 million pounds in August, 2.9% below August 1997 and 0.4% below July 1998. American type cheese production totaled 262.3 million pounds, 0.9% above August 1997 but 5.4% below July 1998. Total cheese output (excluding cottage cheese) was 597.1 million pounds, 0.1% above August 1997 but 2.5% below July 1998. Nonfat dry milk production, for human food, totaled 79.0 million pounds, 12.4% below both August 1997 and July 1998. Dry whey production, for human food, was 91.4 million pounds, 2.5% above August 1997 but 6.2% below July 1998.

**SEPTEMBER AGRICULTURAL PRICES HIGHLIGHTS (NASS):** The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in September 1998 declined 1 point to 113. Compared with September 1997, the index was down 4 points (3.4%). The index of prices received by farmers for dairy products advanced 6 points during the month of September 1998 to 124. Compared with September 1997, the index was up 24 points (24.0%). On a 3.5% butterfat basis, prices received by farmers in September with changes from August were: for All Milk, \$15.88, up 55 cents; Fluid Grade Milk, \$16.01, up 56 cents; and for Mfg Grade Milk, \$14.62, up 22 cents.

**COMMERCIAL DISAPPEARANCE (ERS & AMS):** According to ERS and AMS, commercial disappearance of dairy products during the period of May to July 1998 totals 41,260 billion pounds, 2.8% more than the comparable period in 1997. Comparing disappearance levels with a year ago: butter, American cheese, other cheese, and fluid milk products were higher, but nonfat dry milk was lower.

## \*\*\*\*SPECIALS THIS ISSUE\*\*\*\*

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**CHICAGO MERCANTILE EXCHANGE  
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-42,000 lbs.

PRODUCT	MONDAY OCT 5	TUESDAY OCT 6	WEDNESDAY OCT 7	THURSDAY OCT 8	FRIDAY OCT 9	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.7625 (N.C.)	\$1.7650 (+.0025)	\$1.7675 (+.0025)	\$1.7675 (N.C.)	\$1.7725 (+.0050)	+.0100	\$1.7670 (+.0105)
40# BLOCKS	\$1.7950 (+.0025)	\$1.7950 (N.C.)	\$1.7975 (+.0025)	\$1.8000 (+.0025)	\$1.8050 (+.0050)	+.0125	\$1.7985 (+.0170)
NONFAT DRY MILK							
EXTRA GRADE	\$1.1650 (N.C.)	\$1.1650 (N.C.)	\$1.1650 (N.C.)	\$1.1650 (N.C.)	\$1.1650 (N.C.)	N.C.	\$1.1650 (N.C.)
GRADE A	\$1.1625 (N.C.)	\$1.1650 (+.0025)	\$1.1650 (N.C.)	\$1.1650 (N.C.)	\$1.1650 (N.C.)	+.0025	\$1.1645 (+.0020)
BUTTER							
GRADE AA	----	----	----	----	\$2.3500 (-.2600)	----	----

\*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

**CHICAGO MERCANTILE EXCHANGE**

Trading Activity - October 5 - 9, 1998

MONDAY, OCTOBER 5, 1998

CHEESE -- SALES: 5 CARS 40# BLOCKS: 4 @ \$1.7950, 1 @ \$1.7925; BIDS UNFILLED: 3 CARS 40# BLOCKS: 1 @ \$1.7950, 2 @ \$1.7925, 5 CARS BARRELS @ \$1.7625; OFFERS UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE, BIDS UNFILLED: NONE, OFFERS UNCOVERED: NONE

TUESDAY, OCTOBER 6, 1998

CHEESE -- SALES: NONE; BIDS UNFILLED: 3 CARS 40# BLOCKS @ \$1.7950, 6 CARS BARRELS: 3 @ \$1.7650, 3 @ \$1.7625; OFFERS UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: 3 CARS GRADE A: 1 @ \$1.1650, 2 @ \$1.1000; OFFERS UNCOVERED: NONE

WEDNESDAY, OCTOBER 7, 1998

CHEESE -- SALES: NONE; BIDS UNFILLED: 4 CARS 40# BLOCKS: 1 @ \$1.7975, 3 @ \$1.7950, 10 CARS BARRELS: 4 @ \$1.7675, 6 @ \$1.7650; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.8200

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

THURSDAY, OCTOBER 8, 1998

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.8000; 3 CARS BARRELS @ \$1.7675; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.8125

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR EXTRA GRADE @ \$1.1650

FRIDAY, OCTOBER 9, 1998

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.8050; BIDS UNFILLED: 6 CARS BARRELS: 4 @ \$1.7725, 1 @ \$1.7700, 1 @ \$1.7675; OFFERS UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 1 CAR @ \$2.5000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS: 1 @ \$2.3500, 1 @ \$2.3600, 1 @ \$2.5000

**BUTTER MARKETS****AUGUST BUTTER PRODUCTION**

During August, butter production in the United States totaled 66.8 million pounds, 2.9% lower than August 1997 and 0.4% lighter than July. Monthly butter production percentage changes from a year ago in various states are: CA -39.0, MN +21.6, NY -25.1, WA -30.1, and WI +20.6. The cumulative calendar year production total for the first 8 months of 1998 is 719.5 million pounds, 9.3% lighter when compared to the same period in 1997.

**NORTHEAST**

The premium structure is unchanged. On October 2, Grade AA butter at the CME decreased 19 cents to \$2.6100. Cream and butter buyers are much more cautious following the price decline. Additional buyers are delaying new purchases where possible in the hopes of further price declines. Butter makers have, in instances been making purchases on spot cream based on market prices a week or two in the future as a hedge against additional market declines.

**CENTRAL**

The market tone is mixed following the 19 cent decline in cash trading decline recorded at the Chicago Mercantile Exchange October 2. Producers and handlers are unsure as how to approach current or near term production and buying patterns. Many buyers were hesitant last week and delayed placing orders. Much the same is occurring this week, especially those buyers that can. Others are placing immediate need orders only. Retail orders are spotty as consumers become more aware of sharply higher prices in comparison to last year at this time. Food

service orders are holding steady at fairly good levels, although high prices are causing some buyers to assess needs more closely and, in instances, look at alternatives. Overall butter stocks are reported to be in close balance for current needs. In most instances, stocks are sufficient for the irregular demand.

**WEST**

Western butter differentials are holding steady in very light trading. With the 19 cent decline in price at the CME last Friday, October 2, the market is extremely unsettled. Contacts are stating that the market may fall further towards \$2.00 or it may firm back up on its way to \$3.00. With this much uncertainty, no one wants to make a mistake in the market this week. So far, stocks remain closely balanced. Cream offerings are much heavier and there is very little buying interest. Buyers are only interested if they can use it up in end products by the end of the week.

WHOLESALE SELLING DIFFERENTIALS, F.O.B. PRODUCING PLANTS, TRUCKLOAD QUANTITIES.

FIGURES REPRESENT THE RANGE IN PREMIUMS OR DISCOUNTS (CENTS/POUND) FROM THE CME GRADE AA CASH BUTTER CLOSE OCTOBER 2, 1998 CLOSE = \$2.6100

STYLE	NORTHEAST	CENTRAL	WEST
BULK	+3 TO +5	flat TO +4	-3 TO flat

**NASS DAIRY PRODUCT PRICES**  
U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE 40# BLOCKS	BARRELS 39% MOISTURE	NDM	BUTTER	DRY WHEY
OCTOBER 3	1.7236 5,006,744	1.7070 7,318,043	1.0750 9,833,959	2.7774 1,777,205	0.2559 5,822,662

Further data and revisions may be found on the Internet at: <http://usda.mannlib.cornell.edu/reports/nassr/price/cheddar/>

## CHEESE MARKETS

## NORTHEAST

Wholesale cheese prices are generally 2.25 cents higher on natural cheddar and muenster and .5 cent higher on process items. Swiss prices are steady. The market remains firm, though buyers are more cautious with prices at record high levels. Mozzarella interest is good and cheddar is mostly unchanged. Current production is generally steady, reflecting current milk receipts.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.7850-2.2650
Cheddar Single Daisies	:	1.7550-2.2700
Cheddar 40# Block	:	1.9225-2.0700
Process 5# Loaf	:	1.9425-2.0950
Process 5# Sliced	:	1.9725-2.1550
Muenster	:	1.9525-2.2775
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

## MIDWEST

The cheese market is firm. At the Chicago Mercantile Exchange, barrels advanced a total of 1 cent during the week to close on October 2 at \$1.7625, and blocks increased a total of 2 cents to close at \$1.7925. For the 4th consecutive week, both weekly CME cash closes are new record high prices. Current cheese supplies remain short to barely adequate. Most plants are fully committed with current orders for at least a week or two into the future. New orders are just extending the committed period. Buyers are a bit more cautious on orders at record prices, but are ordering sufficient volumes to meet needs in the next few weeks, part of the traditionally strong fall cheese sales period. Barrels are short to tight and other processing solids, undergrades and trim are also limited. Process orders are seasonally good. Cheddar blocks are just adequate. Mozzarella supplies are short to tight. Cheese production is about steady as slightly higher yields partially offset steady to seasonally lower milk receipts. Estimated total cheese output in selected Midwestern states during August compared to August 1997 are: Wisconsin 171.5 million pounds, down 3.2 million pounds (1.8%); Minnesota 48.8 million pounds, off 2.7 million pounds (5.3%); and Iowa 19.4 million pounds, up 26,000 pounds (0.1%).

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.9275-2.0200
Brick And/Or Muenster 5#	:	2.0300-2.2600
Cheddar 40# Block	:	1.9150-2.0500
Monterey Jack 10#	:	1.9150-2.2425
Blue 5#	:	2.3950-2.5900
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9150-2.1225
Grade A Swiss Cuts 6 - 9#	:	2.4200-2.4850

## MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%), carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	OCTOBER 5 - 9, 1998
BARRELS*	:	\$1.7575 - 1.7775 (NOMINAL)
	:	(\$1.0075) (-.0125)
40# BLOCKS	:	\$1.7925 - 1.8225 (NOMINAL)
	:	(\$1.0350) (.0200)

( ) Change from previous week. \* If steel, barrel returned.

## WEST

Western cheese prices continue to strengthen. Barrels and processing solids are in the tightest position. Some undergrade cheese is moving better now as prices decline on that type of product. Current blocks are available, but they are clearing reasonably well. Aged cheese is impossible to find on a spot basis. Some buyers that set up programs early in the year are able to cover most of their needs. Total cheese production in the U.S. for August is up only 0.1% from last year. Cumulative output is 4.98 billion pounds, up 1.9% from the first eight months of 1997. Swiss production totals 17.3 million pounds, up 2.0% from August 1997.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.9200-2.1675
Cheddar 40# Block	:	1.8900-2.0450
Cheddar 10# Cuts	:	2.1000-2.3050
Monterey Jack 10#	:	2.1175-2.2675
Grade A Swiss Cuts 6 - 9#	:	2.3900-2.4900

## FOREIGNTYPE

Domestic prices are generally 2.25 cents higher and imports are steady. Importers note that EU exporters are looking for new markets for product previously earmarked for Russia, usually a buyer for around 30% of the EU cheese exports. U.S. demand for imports is about seasonal though imports look attractively priced relative to some domestic products.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 2.1175-2.7275*
Gorgonzola	: 3.2400-5.9400	: 2.4900-2.9125*
Parmesan (Italy)	: TFEWR	: 3.5275-3.5675*
Romano (Italy)	: 2.0900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.7900-2.3175*
Romano (Cows Milk)	: -0-	: 3.2950-3.6375*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.2500-2.5050
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

\* = Price change.

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

		BUTTER : CHEESE	
	10/05/98	7,006	: 100,828
	9/01/98	7,513	: 110,416
	CHANGE	-507	: -9,588
	% CHANGE	-7	: -9

Based on the historical relationship of the preliminary U.S. Cold Storage report of August 31 and the selected centers storage report, the expected U.S. holdings as of October 1 are:

Butter 38 million pounds plus or minus 2.51 percent  
Cheese 403 million pounds plus or minus 3.62 percent

## FLUID MILK AND CREAM

## E A S T

Following the announcement of the September BFP, Eastern Milk Market Administrators announced changes to their class prices. The September BFP is \$15.10, up \$.11 from August. In all Eastern orders the November Class I & II prices will be \$.11 higher than October. The September Class III prices are \$.07 above August in orders 1, 2, and 4; \$.11 higher in other orders. The September Class III-A is \$19.87 in orders 1 & 2, \$19.89 in order 4, and \$19.81 in all other Eastern orders. The butterfat differential is \$0.325. Fluid milk supplies are tight throughout the Eastern region. Southeastern handlers continue to look for supplemental milk as unseasonably warm temperatures limit milk production levels. Handlers imported approximately 292 loads for the week, 23 loads less than the previous week. Many farms and plants in Florida continue to deal with the effects of Hurricane Georges and try to return to normal operating schedules. Florida's milk production is stagnant as cows remain stressed from the Hurricane's torrential rains and daytime hot temperatures in the 90's. Handlers are importing 172 loads this week, but are still about 90 loads short of needs. Some plants are approximately 8% short of needs and cutting back schedules accordingly. With the limited milk availability, some bottlers are paying \$6.00 - \$7.00 premiums. In the Middle Atlantic and Northeast, milk production is steady to lower. Contacts stated that they do not foresee any real production increases until next Spring. This could have a significant effect on bottlers and manufacturers during the winter. Many plants are not drying, but intend to start at the end of the month, if milk volumes allow. Orders from the South continue to take the bulk of incoming milk with little available for producer needs. The condensed skim market is mostly steady with the majority of sales focused on contracts. Lower cream prices are being shown due to the sharp drop in butter prices last week at the CME to \$2.6100. Offerings are becoming more available and butter makers are taking advantage with increased production activity.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

## SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	3.2364 - 3.6801
Delivered Equivalent Atlanta	-	3.2886 - 3.6540 M 3.3147 - 3.4452
F.O.B. Producing Plants: Upper Midwest	-	3.3408 - 3.5496

## PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	.7500 - 1.0500
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## M I D W E S T

## WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
OCTOBER 2 - 8, 1998	52
PREVIOUS WEEK	20*
COMPARABLE WEEK IN 1997	44

DESTINATIONS: FLORIDA 20, KENTUCKY 29, TENNESSEE 3

\*REVISED

Class I demand is steady to generally improved, aided by retail promotional activity. In a few instances, much improved local interest reduced the milk volume handlers had available to sell Southern buyers. A couple handlers that had not shipped in a few weeks moved some loads either to supplement bottlers within the region or further South. An additional 8 loads were shipped to Ohio and 3 to Michigan. Another 21 loads of Wisconsin milk are "direct shipped" to Tennessee and 42 loads to Missouri and pooled under a Southern Federal Order. Finding a truck and driver when milk becomes available remains a

problem at times. Last week's shipment total was revised, adding 6 additional loads to Kentucky. Also last week, 10 Wisconsin loads were sent to Michigan and 6 to Ohio. Spot milk premiums are higher as offerings are much tighter. Premiums paid are \$3.50 over Class I and higher within the upper tier of states. With current Class I prices and good seasonal cheese demand, manufacturing milk offerings are limited. Cream prices are sharply lower, reflecting the 19 cents decline in cash butter prices at the Chicago Mercantile Exchange on October 2. Cream offerings are more numerous but demand is spotty as rumors float that prices could go lower or possibly rebound even higher than before. Ice cream production is lighter, at around seasonal levels. Milk receipts are generally steady to slightly lower. Fat and protein tests are edging higher. Frequent rain slowed the fall harvest in areas where crops are still in the fields.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	OCTOBER 1 - 7	PREVIOUS YEAR
SLAUGHTER COWS	\$ 28.00- 32.50	\$ 33.50- 37.50
REPLACEMENT HEIFER CALVES	\$165.00-220.00	\$110.00-135.00

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	OCTOBER 1 - 7	PREVIOUS YEAR
SLAUGHTER COWS	\$ 29.00- 34.25	\$ 34.50- 40.25

## W E S T

The September 4a price (butter/powder) in California is \$18.63, up \$2.51 cents from August 1998 and \$6.90 higher than last year. The 4b price (cheese) is \$15.40, 53 cents higher than last month and \$3.29 more than last year. (The September BFP is 15.10, 11 cents higher than August and \$2.31 higher than last year.) Milk production throughout most areas of the Southwest is increasing. Weather conditions are reported to be nearly ideal, warm days and cool nights. Milk handlers are stating that the milk volume outlook going into the fall looks very positive. Favorable feed costs, good feed stocks, and strong milk prices are some factors that producers are able to take advantage of at this time. Although milk production is increasing, milk volumes are reported to be lighter than desired at many plants, thus milk handlers are taking advantage of all available milk. Manufacturing schedules in the Southwest have been minimal, but with milk production on the rebound, milk handlers anticipate more milk to become available for manufactured dairy products. Cream demand this week has been spotty. Following the 19 cent decline during cash trading at the Chicago Mercantile Exchange October 2, cream buyers were reluctant to purchase additional cream volumes beyond immediate needs. Some milk handlers were selling milk to other processors versus maintaining it within their operations and making butter/powder. Ice cream production is declining seasonally. Seasonal weather is common over the Pacific Northwest. Days are warm with cool nights and only moderate instances of moisture. The weather is putting no stress on the milking herds. Feed quality for both concentrates and forages is limiting milk production and negatively impacting tests on farm milk receipts. Heifer availability and prices are further serving to limit expansion plans for most Western dairymen. Many are looking at the present "good times" as only a short run phenomenon and they are either paying down debt or banking the good current returns. The majority of Western corn silage harvest is completed just as the first killing frost of the season hit the region. A few hay growers are attempting to finish a last cutting of hay. It is always problematic whether cut hay will dry in the fields in an efficient manner this late in the cropping year. Weather patterns are causing no milk production problems in the northern Mountain States region either. Most plants are hoping that milk will hold up well into the fall as they continue to have good sales for their manufactured products.

**CENTRAL AND WEST DRY MILK PRODUCTS**

All reports, except California manufacturing plants, were released 10/8/98 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL**

Prices and the market tone are steady. Demand is fair. The option of CCC sell-backs has put pressure on prices and relieved the previous "panic" buying. In addition, availability of powder is increasing. Manufacturers are beginning to offer more current production, while resellers often have older stocks to sell. U.S. production of human food NDM during August totaled 79.0 million pounds, down 12.4% from last year and 12.4% less than July. (Combined MN and WI production during August totaled 1,361,000 pounds.) Manufacturers' stocks at the end of August totaled 94.8 million pounds, 38.7% lower than last year and 15.6% less than last month.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: .10800 - 1.1500 MOSTLY: 1.0800 - 1.1000

**DRY BUTTERMILK - CENTRAL**

Prices and the market tone are unchanged. Offerings are available from most sources and reported sales are steady. Production levels are slightly higher as more cream is becoming available to butter producers. Producer stocks are currently in balance. During August, dry buttermilk production totaled 3.1 million pounds, up 13.0% from last year and 1.4% higher than July. End-of-month stocks totaled 4.1 million pounds, up 29.2% from a year earlier, but 11.0% lower than last month.

BUTTERMILK: .9600 - 1.0275

**DRY WHEY - CENTRAL**

Prices are significantly lower and the market tone is weak. Demand is slow and buyers are pulling out of the market as they see signs of weakness. The sluggish animal feed market is one of the main reasons for the build-up in whey stocks. Contacts state that some end users are converting to less expensive replacements for whey and cancelling previous orders. Therefore, many producers are trying to clear stocks before future market declines. However, sources noted that some of the current powder being "dumped" may not meet specific food grade standards. U.S. production of human food whey during August totaled 91.4 million pounds, 2.5% more than last year but 6.2% lower than last month. End-of-August stocks, at 37.6 million pounds, are 22.0% higher than last year and 5.6% above July. Production in August with changes from 1997 are: Wisconsin, 24.7 million pounds, down 9.5% and Minnesota, 8.2 million pounds, up 5.1%.

NONHYGROSCOPIC: .2475 - .2800 MOSTLY: .2600 - .2700

**ANIMAL FEED WHEY - CENTRAL**

Prices for milk replacer and standard are lower; unchanged on roller ground and delactose. The market tone is weak. All feed sales are slow and as a result, stocks of edible and feed grade whey are overflowing. Inventories destined for hog and veal feed accounts are backing up as end users cancel and/or reduce orders. August U.S. animal feed, dry whey production totaled 6.3 million pounds, 55.7% higher than last year but 4.3% less than July. Month-ending stocks were 3.8 million pounds, 45.5% more than last year but 20.0% lower than last month. Animal feed, reduced lactose and minerals whey production during August totaled 3.1 million pounds, 28.4% more than last year and 9.4% above July; while all stocks (animal and human), at 12.1 million pounds, were 4.9% less than last year.

MILK REPLACER: .2175 - .2500  
STANDARD: .2000 - .2200  
ROLLER GROUND: .2900 - .2975  
DELACTOSE (Min. 20% protein): .3275 - .3600

**LACTOSE - CENTRAL AND WEST**

Prices are lower on the bottom end of the range, but unchanged on the mostly. The market tone is steady to weak. Central spot sales are slightly more active, but the domestic market out West is flat. Overall stocks still outweigh demand. Many fourth quarter contracts have been made with steady to lower prices, but a few are still negotiating. Some producers state that third quarter volumes are still being used, therefore fourth quarter contracts are currently on hold. U.S. lactose production during August totaled 37.4 million pounds, down 2.7% from last year and 6.7% lower than July. End-of-August stocks, at 31.1 million pounds, are 27.0% higher than last year but 5.1% below last month. Production in August with changes from 1997 are: Minnesota, 9.5 million pounds, down 1.6%; and Wisconsin, 7.7 million pounds, down 9.8%.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1500 - .2350 MOSTLY: .1700 - .1900

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are lower on the bottom end of the range, but unchanged on the mostly. The market tone is steady. Demand is good, but not as aggressive as in previous weeks. Production is becoming more available from resellers and certain producers, but at limited volumes. The feed industry is taking less and loosening up some stocks. U.S. production of human food WPC during August totaled 20.8 million pounds, a 27.8% increase from last year but a 1.9% decrease from the previous month. Manufacturers' stocks at the end of August totaled 11.9 million pounds, 43.4% higher than last year but 8.5% below last month.

EXTRA GRADE 34% PROTEIN: .5900 - .6350 MOSTLY: .6100 - .6200

**NONFAT DRY MILK - WEST**

Nonfat dry milk prices are steady to higher although the market tone remains unsettled. Producers and handlers feel that current price firmness may be short lived and anticipate prices to edge lower in the near future. Milk supplies are reported to be in close balance to short of full needs, but as milk output increases in Western areas, powder producers feel production schedules will also increase. U.S. NDM production in August totaled 79.0 million pounds, down 12.4% from both last year and July 1998. Stocks at the end of August were reported at 94.8 million pounds, down 38.7% from last year and 15.6% less than last month. August production in California totaled 37.2 million pounds, down 19.3% from last year, and Washington output totaled 12.1 million pounds, down 29.4% from a year ago.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0600 - 1.1650 MOSTLY: 1.1000 - 1.1400

HIGH HEAT: 1.1200 - 1.1700

**DRY BUTTERMILK - WEST**

Buttermilk powder markets are generally steady at unchanged prices. Powder supplies are mixed, some buyers are having to wait a day or two for needed supplies, while others are more current on shipments. Churning schedules remain light and condensed buttermilk sales remain good, thus limiting drying opportunities. U.S. buttermilk powder production in August totaled 3.1 million pounds, up 13.0% from last year and 1.4% higher than July. Stocks at the end of the month were reported at 4.1 million pounds, up 29.2% from a year earlier but 11.0% lower than July.

BUTTERMILK: .9800 - 1.0400 MOSTLY: .9900 - 1.0000

**DRY WHEY - WEST**

Western whey prices remain fully steady in moderate trading. Export activity is steady to the Far East and good to Mexico and Central/South America. Domestic sales are steady. Western contacts have not begun to notice any slow down as is happening in the Central States. Western stocks remain in very close balance. Buyers often have to wait for a few days until powder clears lab work. U.S. edible whey production in August totals 91.4 million pounds, up 2.5% from last year. Total dry whey production for the first eight months of the year has reached 802.4 million pounds, up 4.5% from the same period in 1997.

NONHYGROSCOPIC: .2350 - .2600 MOSTLY: .2400 - .2425

**CALIFORNIA MANUFACTURING PLANTS**

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended October 2, on powder sales of 9,173,459 pounds f.o.b. California manufacturing plants was \$1.0749 per pound. This compares to 9,827,106 pounds at \$1.0635 for the previous week ending September 25, 1998. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

**NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS**

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

**NONFAT DRY MILK - NORTHEAST AND SOUTHEAST**

Prices are higher and nominal in the Northeast. The market tone is firm. Sales are quick and easy when powder is available. Stocks are tight and current production levels are limited. Few manufacturers have powder on hand and some are even purchasing from other sources to supplement personal stocks. Production of human food, nonfat dry milk during August 1998 totaled 79.0 million pounds, both down 12.4% from August 1997 and July 1998. Month ending stocks, at 94.8 million pounds, are 38.7% below a year ago and 15.6% less than last month.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.1000 - 1.1600

HIGH HEAT: 1.1200 - 1.1900 MOSTLY: 1.1200 - 1.1400

DELVD SOUTHEAST:

ALL HEATS: 1.1300 - 1.1900

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices and the market tone are unchanged. Buyer interest is steady. As more cream becomes available for churning, buttermilk production will increase. Current producer stocks are mostly balanced. Dry buttermilk production during August 1998 totaled 3.1 million pounds, up 13.0% from August 1997 and 1.4% higher than July 1998. Month ending stocks, at 4.1 million pounds, are 29.2% more than a year ago but 11.0% less than last month.

F.O.B. NORTHEAST: .9800 - 1.0000

DELVD SOUTHEAST: 1.0200 - 1.0625

**DRY WHOLE MILK - NATIONAL**

Prices and the market tone are unchanged. Demand is slow to fair and supplies are relatively in balance. Dry whole milk production is light at most plants as producers choose to take advantage of cream and NDM prices instead. Dry whole milk production during August 1998 totaled 12.9 million pounds, up 13.6% from August 1997 and 23.1% above July 1998. Month ending stocks, at 6.7 million pounds, are 47.2% above a year ago and 8.3% less than last month.

F.O.B. PRODUCING PLANT: 1.5750 - 1.8500

**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 1998 THROUGH OCTOBER 2, 1998  
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	32,576	MT (71,817,050 LBS)
CHANGE	--	18	MT ( 39,684 LBS)

WHOLE MILK POWDER	--	2,080	MT (4,585,568 LBS)
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CHEESE	--	1,266	MT (2,791,024 LBS)
CHANGE	--	41	MT (90,389 LBS)

BUTTERFAT	--	0	MT
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REALLOCATED NDM	--	16,357	MT (36,060,642 LBS)
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Allocations for the DEIP year beginning July 1, 1998, are:

Nonfat dry milk - 84,212 MT; Whole Milk Powder - 5,003 MT;

Cheese - 3,350 MT; Butterfat - 29,854 MT.

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices are lower on all ranges and the market undertone is weak. The combination of increasing stocks and lack of demand is causing price adjustments. The animal feed business and Central market conditions are contributing additional pressure. Producers are discounting to prevent building stocks to higher levels. Limited offerings of Grade A powder were reported under the range. Production of human food, dry whey during August 1998 totaled 91.4 million pounds, 2.5% more than August 1997 and 6.2% less than July 1998. Month ending stocks, at 37.6 million pounds, are 22.0% above a year ago and 5.6% more than a month ago.

F.O.B. NORTHEAST:	EXTRA GRADE	.2525 - .2850
	USPH GRADE A	.2600 - .2900
DELVD SOUTHEAST:		.2900 - .3100

**ANIMAL FEED WHEY - NORTHEAST**

Prices are too few to report. Demand from the feed industry remains slow. Stocks of dry whey are beginning to build as a result. Production of dry, animal feed whey during August totaled 6.3 million pounds, 55.7% higher than last year but 4.3% less than July.

F.O.B. NORTHEAST:	MILK REPLACER	TFEWR
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**EVAPORATED MILK - NATIONAL**

Prices and the market tone are unchanged. Demand is increasing as holiday orders are being placed. Supplies are adequate to fill current needs. Production levels vary depending upon regional fluid milk availability. While some plants are taking in surplus milk, others are unable to acquire more than needed. Canned evaporated milk production during August 1998 totaled 37.2 million pounds, 6.8% less than August 1997 and 2.9% less than July 1998. Month ending stocks, at 63.7 million pounds, are 58.5% more than a year ago and 13.9% above last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES	\$23.62 - 33.00
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Excluding promotional and other sales allowances. Included new price announcements.

**CASEIN - NATIONAL**

Casein prices are unchanged, although a weak market tone prevails. Stocks remain readily available on a contractual and spot basis. Shipments of contracted volumes are on schedule. Buyers do not foresee supply problems for the balance of the quarter and into the new year.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.0500 - 2.1000
ACID:	1.9500 - 2.1000

## SEPTEMBER AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in September 1998 declined 1 point to 113. Compared with September 1997, the index was down 4 points (3.4 percent). The index of prices received by farmers for dairy products advanced 6 points during the month of September 1998 to 124. Compared with September 1997, the index was up 24 points (24.0 percent).

On a 3.5 percent butterfat basis, prices received by farmers in September with changes from August were: for All Milk, \$15.88 per hundredweight (cwt.), up 55 cents; Fluid Grade Milk, \$16.01 per cwt., up 56 cents; and for Manufacturing Grade Milk, \$14.62 per cwt., up 22 cents.

## SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., SEPTEMBER 1998 WITH COMPARISONS

STATE	All-milk price <u>1/</u> <u>3/</u>				Milk cows <u>5/</u>		Cows <u>6/</u>		All hay baled <u>7/</u>	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	AUGUST		SEPTEMBER		SEPTEMBER		SEPTEMBER		SEPTEMBER	
	1998 <u>2/</u>	1997 <u>2/</u>	1998 <u>4/</u>	1997 <u>2/</u>	1998	1997	1998 <u>7/</u>	1997 <u>8/</u>	1998	1997
CA	15.45	12.04	15.75	12.14	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER		33.50	33.00	97.00	113.00
ID	14.90	12.23	15.07	12.67			30.30	32.50	86.00	107.00
MI	14.92	12.81	16.20	13.19			36.50	37.40	93.00	103.00
MN	15.37	12.86	15.85	13.37			34.00	34.00	66.00	93.00
NY	15.23	12.75	16.07	13.06			---	---	84.00	86.00
OH	14.78	12.27	15.85	12.52			32.00	34.80	88.00	137.00
PA	15.53	13.11	16.50	13.08			34.70	34.30	107.00	132.00
TX	15.55	12.88	16.14	12.90			31.10	33.30	95.00	69.00
WA	15.60	12.45	15.77	12.82			---	---	95.00	118.00
WI	15.68	12.91	15.82	13.47			34.80	35.30	76.00	80.00
U.S.	15.33	12.66	15.88	12.99			33.40	34.40	86.50	100.00

1/ Prices converted to 3.5 percent butterfat. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND PARITY PRICE RELATIONSHIPS AND OTHER GENERAL PRICE MEASURES, U.S., SEPTEMBER 1998 WITH COMPARISONS 1/

ITEM	SEPTEMBER 1997	AUGUST 1998 <u>2/</u>	SEPTEMBER 1998 <u>3/</u>
<b>PRICES</b> (converted to 3.5 percent butterfat) received by farmers for:			
All milk Dol. per cwt.	12.99	15.33	15.88
Fluid grade milk Dol. per cwt.	13.02	15.45	16.01
Manufacturing grade milk Dol. per cwt.	12.46	14.40	14.62
<b>INDEX NUMBERS</b> for:			
Prices received by farmers for dairy products (1990-92 = 100) Index	100	118	124
Prices paid by farmers for commodities and services, interest taxes, and wage rates (1990-92=100) Index	117	114	113
<b>PARITY PRICE</b> for all milk Dol. per cwt.	29.30	29.30	28.90
<b>PARITY EQUIVALENT</b> price for manufacturing grade milk Dol. per cwt.	26.60	26.63	26.27
<b>MILK FEED PRICE RATIO:</b> Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk <u>4/</u>	2.44	3.57	3.94

1/ Parity prices are based on data for the current month. Parity price equivalent during 1998 is 90.9% of the parity price of all milk sold to plants, compared with 90.8% in 1997. 2/ Partially revised. 3/ Preliminary. 4/ Reporting change; the feed price measure used to compute the previous data series has been discontinued. For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay.

**SOURCE:** "Agricultural Prices," Pr 1 (9/98), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

## AUGUST 1998 DAIRY PRODUCTS HIGHLIGHTS

**BUTTER** production was 66.8 million pounds in August, 2.9 percent below August 1997 and 0.4 percent below July 1998. **AMERICAN TYPE CHEESE** production totaled 262.3 million pounds, 0.9 percent above August 1997 but 5.4 percent below July 1998. **TOTAL CHEESE** output (excluding cottage cheese) was 597.1 million pounds, 0.1 percent above August 1997 but 2.5 percent below July 1998. **NONFAT DRY MILK** production, for human food, totaled 79.0 million pounds, 12.4 percent below August 1997 and 12.4 percent below July 1998. **DRY WHEY** production, for human food, was 91.4 million pounds, 2.5 percent above August 1997 but 6.2 percent below July 1998. **ICE CREAM** (hard) production totaled 76.8 million gallons, 0.1 percent below August 1997 and 11.6 percent below July 1998.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	AUG 1998	PERCENT CHANGE FROM:			PRODUCT	AUG 1998	PERCENT CHANGE FROM:		
	1,000 LBS.	AUG 1997	JUL 1998	YEAR TO DATE 1/		1,000 LBS.	AUG 1997	JUL 1998	YEAR TO DATE 1/
BUTTER	66,829	-2.9	-0.4	-9.3	DRY BUTTERMILK	3,077	13.0	1.4	---
CHEESE					YOGURT (PLAIN AND FLAVORED)	127,890	-3.3	4.1	---
AMERICAN TYPES 2/	* 262,322	0.9	-5.4	0.1	CONDENSED WHEY, SOLIDS CONTENT 8/				
CHEDDAR	205,204	-0.7	-6.6	-1.2	SWEET-TYPE, HUMAN FOOD	7,941	-7.5	-18.5	---
SWISS	17,302	2.0	-7.0	---	SWEET-TYPE, ANIMAL FEED	1,762	-21.5	-27.0	---
BRICK & MUENSTER	7,862	-17.9	-3.4	---	DRY WHEY PRODUCTS				
CREAM & NEUFCHATEL	47,958	-3.5	3.4	---	DRY WHEY, HUMAN FOOD	91,360	2.5	-6.2	---
BLUE	3,459	12.1	-16.9	---	DRY WHEY, ANIMAL FEED	6,250	55.7	-4.3	---
HISPANIC	5,886	-3.1	-12.0	---	REDUCED LACTOSE AND MINERALS				
MOZZARELLA	190,804	0.7	-1.1	3.4	HUMAN FOOD	5,701	25.1	-13.4	---
OTHER ITALIAN TYPES	50,837	-0.7	4.9	3.7	ANIMAL FEED	3,081	28.4	9.4	---
TOTAL ITALIAN TYPES	241,641	0.4	0.1	3.5	LACTOSE, HUMAN FOOD & ANIMAL FEED	37,361	-2.7	-6.7	---
ALL OTHER TYPES 3/	10,675	2.9	7.3	---	WHEY PROTEIN CONCENTRATE				
TOTAL	597,105	0.1	-2.5	1.9	HUMAN FOOD	20,808	27.8	-1.9	---
COTTAGE CHEESE, CURD 4/	38,726	-0.8	-3.5	---	ANIMAL FEED	3,485	22.2	-8.9	---
COTTAGE CHEESE, CREAMED 5/	31,810	-0.7	-6.4	1.3	FROZEN PRODUCTS		1,000 GALLONS	PERCENT CHANGE FROM:	
COTTAGE CHEESE, LOWFAT 6/	29,539	-0.9	-8.3	2.6	ICE CREAM (HARD)	76,847	-0.1	-11.6	0.8
CANNED EVAPORATED & CONDENSED					ICE CREAM, LOWFAT (HARD)	9,388	-3.3	-1.3	---
WHOLE MILK	37,199	-6.8	-2.9	---	ICE CREAM, LOWFAT (SOFT)	30,913	10.4	-7.3	---
DRY WHOLE MILK	12,869	13.6	23.1	---	ICE CREAM, LOWFAT (TOTAL)	40,301	6.9	-6.0	-4.8
NONFAT DRY MILK, HUMAN FOOD	7/ 79,038	-12.4	-12.4	-7.6	SHERBET (HARD)	4,883	7.2	-7.3	-1.9
DRY SKIM MILK, ANIMAL FEED	385	-25.1	-9.2	---	YOGURT	7,785	-5.2	-6.5	-10.9

MANUFACTURERS' STOCKS, END OF MONTH 9/							
PRODUCT	AUG 1998	PERCENT OF:		PRODUCT	AUG 1998	PERCENT OF:	
	1,000 LBS.	AUG 1997	JUL 1998		1,000 LBS.	AUG 1997	JUL 1998
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	37,637	22.0	5.6	HUMAN FOOD	11,877	43.4	-8.5
DRY WHEY, ANIMAL FEED	3,755	45.5	-20.0	ANIMAL FEED	1,066	-2.6	-1.7
REDUCED LACTOSE & MINERALS--HUMAN & ANIMAL 10/	12,106	-4.9	-1.2	CANNED EVAPORATED & CONDENSED WHOLE MILK	63,687	58.5	13.9
LACTOSE, HUMAN FOOD & ANIMAL FEED	31,050	27.0	-5.1	DRY WHOLE MILK	6,682	47.2	-8.3
DRY BUTTERMILK, TOTAL	4,141	29.2	-11.0	NONFAT DRY MILK FOR HUMAN FOOD	94,758	-38.7	-15.6
				DRY SKIM MILK FOR ANIMAL FEED	1,328	3.8	4.5

1/ 1998 cumulative as percent change of 1997 cumulative. 2/ Whole milk cheese, including Cheddar, colby, washed curd, stirred curd, monterey and jack. 3/ Does not include part skim cheese beginning January 1996 or Hispanic cheese beginning June 1996. 4/ Mostly used for processing into creamed or lowfat cottage cheese. 5/ Fat content 4 percent or more. 6/ Fat content less than 4 percent. 7/ Includes combined Minnesota and Wisconsin production of 1,361,000 lbs. 8/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. 9/ Stocks held by manufacturers at all points and in transit. 10/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations. \*Includes combined Minnesota and Wisconsin production of 119,060,000 lbs.

SOURCE: "Dairy Products," Da 2-6 (10-98), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.



## FEDERAL MILK ORDER MINIMUM CLASS PRICE HIGHLIGHTS

**BASIC FORMULA PRICE.** The Basic Formula Price for September 1998 is \$15.10 per hundredweight at 3.5 percent butterfat. The September Basic Formula Price is the August base month Minnesota-Wisconsin (M-W) price of \$14.69 at 3.5 percent plus a change of \$0.41, which is the change in the butter/powder/cheese formula from August to September 1998. The September 1998 Basic Formula Price is \$0.11 more than last month and \$2.31 more than the September 1997 Basic Formula Price. This Basic Formula Price is the Class III price for September 1998 and is to be used in November 1998 for establishing minimum Class I (fluid use) prices and minimum Class II prices under Federal milk orders. To arrive at the minimum Class I price for each market, a Class I differential, ranging from \$1.20 in the Upper Midwest order to \$4.18 in the Southeastern Florida order, is added to this basic formula price. To arrive at the minimum Class II price for all markets, a differential of \$0.30 is added to this basic formula price. For those orders which adjust blend prices for butterfat contents varying from 3.5 percent, the producer butterfat differential per 0.1 percent butterfat is 32.5 cents. **MILK COMPONENT CONTENTS.** For the August 1998 base month M-W price, the butterfat content was 3.59 percent, protein 3.09 percent, and solids-not-fat 8.48 percent. For the September 1998 Basic Formula Price, the butterfat content was 3.73 percent, protein 3.20 percent, and solids-not-fat 8.56 percent.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/														
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	SEPTEMBER								OCTOBER			NOVEMBER	
		PRICE PER 100 POUNDS								PRICE PER 100 POUNDS				
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II
		1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1998	1998
		DOLLARS								DOLLARS				
New England (Boston)	1 3/	18.01	14.10	15.07	11.16	15.16	12.85	19.87	11.93	18.23	15.31	15.29	18.34	15.40
New York/New Jersey (NY City)	2 4/	17.91	14.00	15.15	11.24	15.24	12.93	19.95	12.01	18.13	15.21	15.37	18.24	15.48
Middle Atlantic (Philadelphia/ Baltimore/Washington, DC)	4 5/	17.80	13.89	15.07	11.16	15.18	12.87	19.89	11.95	18.02	15.10	15.29	18.13	15.40
Carolina (Charlotte)	5	17.85	13.94	15.07	11.16	15.10	12.79	19.81	11.87	18.07	15.15	15.29	18.18	15.40
Southeast (Atlanta/Birmingham)	7	17.85	13.94	15.07	11.16	15.10	12.79	19.81	11.87	18.07	15.15	15.29	18.18	15.40
Upper Florida (Jacksonville/Tallahassee)	6	18.35	14.44	15.07	11.16	15.10	12.79	---	---	18.57	15.65	15.29	18.68	15.40
Tampa Bay	12	18.65	14.74	15.07	11.16	15.10	12.79	---	---	18.87	15.95	15.29	18.98	15.40
Southeastern Florida (Miami)	13	18.95	15.04	15.07	11.16	15.10	12.79	---	---	19.17	16.25	15.29	19.28	15.40
Michigan Upper Peninsula (Marquette)	44	16.12	12.21	15.07	11.16	15.10	12.79	19.81	11.87	16.34	13.42	15.29	16.45	15.40
Southern Michigan (Detroit)	40 6/	16.52	12.61	15.07	11.16	15.10	12.79	19.81	11.87	16.74	13.82	15.29	16.85	15.40
E. Ohio/W. PA. (Cleveland/Pittsburgh)	36	16.77	12.86	15.07	11.16	15.10	12.79	19.81	11.87	16.99	14.07	15.29	17.10	15.40
Ohio Valley (Columbus)	33	16.81	12.90	15.07	11.16	15.10	12.79	19.81	11.87	17.03	14.11	15.29	17.14	15.40

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/														
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	SEPTEMBER								OCTOBER			NOVEMBER	
		PRICE PER 100 POUNDS								PRICE PER 100 POUNDS				
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II
		1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1998	1998
		DOLLARS								DOLLARS				
Indiana (Indianapolis)	49	16.67	12.76	15.07	11.16	15.10	12.79	19.81	11.87	16.89	13.97	15.29	17.00	15.40
Chicago Regional	30	16.17	12.26	15.07	11.16	15.10	12.79	19.81	11.87	16.39	13.47	15.29	16.50	15.40
Central Illinois (Peoria)	50	16.38	12.47	15.07	11.16	15.10	12.79	---	---	16.60	13.68	15.29	16.71	15.40
S. Illinois/E. Missouri (Alton)	32	16.69	12.78	15.07	11.16	15.10	12.79	---	---	16.91	13.99	15.29	17.02	15.40
Louisville/Lexington/Evansville	46	16.88	12.97	15.07	11.16	15.10	12.79	19.81	11.87	17.10	14.18	15.29	17.21	15.40
Upper Midwest (Minneapolis)	68	15.97	12.06	15.07	11.16	15.10	12.79	19.81	11.87	16.19	13.27	15.29	16.30	15.40
E. South Dakota (Sioux Falls)	76	16.27	12.36	15.07	11.16	15.10	12.79	---	---	16.49	13.57	15.29	16.60	15.40
Iowa (Des Moines)	79	16.32	12.41	15.07	11.16	15.10	12.79	19.81	11.87	16.54	13.62	15.29	16.65	15.40
Nebraska/W. IA. (Omaha/Sioux City)	65	16.52	12.61	15.07	11.16	15.10	12.79	19.81	11.87	16.74	13.82	15.29	16.85	15.40
Greater Kansas City	64	16.69	12.78	15.07	11.16	15.10	12.79	---	---	16.91	13.99	15.29	17.02	15.40
Southwest Plains (Oklahoma City)	106	17.54	13.63	15.07	11.16	15.10	12.79	19.81	11.87	17.76	14.84	15.29	17.87	15.40
Texas (Dallas)	126	17.93	14.02	15.07	11.16	15.10	12.79	19.81	11.87	18.15	15.23	15.29	18.26	15.40
Eastern Colorado (Denver)	137	17.50	13.59	15.07	11.16	15.10	12.79	---	---	17.72	14.80	15.29	17.83	15.40
Western Colorado (Grand Junction)	134	16.77	12.86	15.07	11.16	15.10	12.79	---	---	16.99	14.07	15.29	17.10	15.40
SW Idaho/Eastern Oregon (Boise)	135	16.27	12.36	15.07	11.16	15.10	12.79	19.85	11.73	16.49	13.57	15.29	16.60	15.40
Great Basin (Salt Lake City)	139	16.67	12.76	15.07	11.16	15.10	12.79	---	---	16.89	13.97	15.29	17.00	15.40
Central Arizona (Phoenix)	131	17.29	13.38	15.07	11.16	15.10	12.79	19.85	11.73	17.51	14.59	15.29	17.62	15.40
New Mexico/West Texas (Albuquerque)	138	17.12	13.21	15.07	11.16	15.10	12.79	19.81	11.87	17.34	14.42	15.29	17.45	15.40
Pacific Northwest (Seattle/Portland)	124	16.67	12.76	15.07	11.16	15.10	12.79	19.85	11.73	16.89	13.97	15.29	17.00	15.40
SIMPLE AVERAGE	---	17.09	13.18	15.07	11.16	15.11	12.80	19.83	11.86	17.31	14.39	15.29	17.42	15.40

\* To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. For example, the minimum Class I price in Boston (the New England market) in November 1998 is \$18.34 per 100 pounds or \$1.58 per gallon (\$18.34 divided by 11.63 equals \$1.5770).

1/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. This assessment applies to all persons who process and market more than 500,000 pounds of fluid milk products in consumer-type packages in the 48 contiguous States and the District of Columbia during the month.

2/ Names in parentheses are principal cities and pricing points of markets.

3/ Zone 1, Boston. Class I price at 201-210 mile zone--72 cents less.

4/ New York City metropolitan area. Prices at 201-210 mile zone: Class I - 72 cents less, Class II - 8 cents less, Class III - 8 cents less, and Class III-A - 8 cents less.

5/ Prices exclude a 6-cent direct delivery differential applicable to milk delivered to Philadelphia.

6/ Prices exclude a 10-cent direct delivery differential applicable to milk delivered to Detroit metropolitan area.

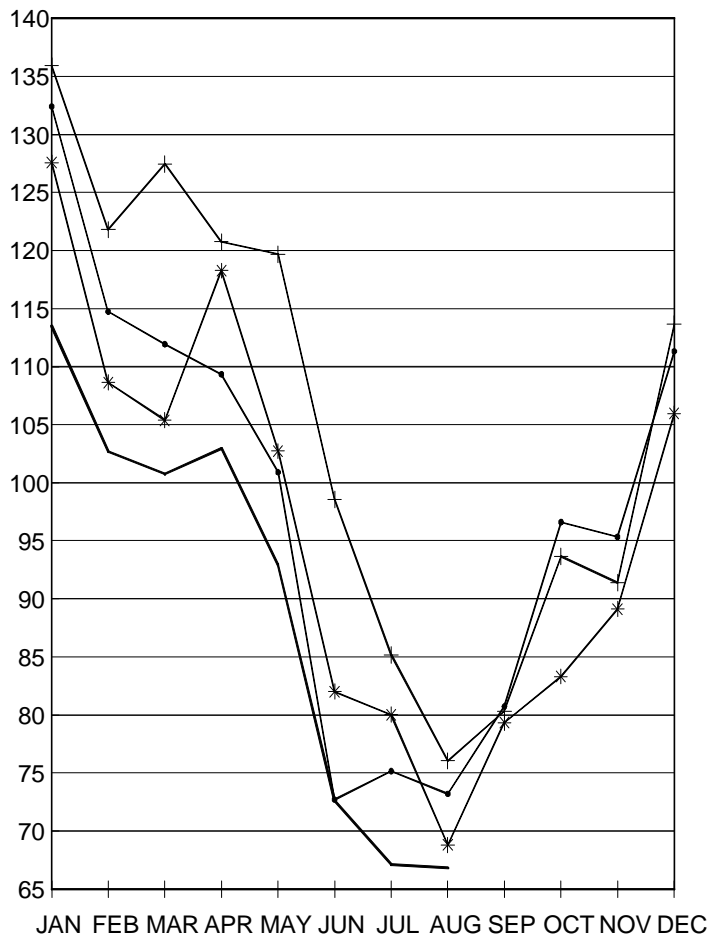
**COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS--MAY-JULY AND YEAR-TO-DATE 1997-98 1/**

Item	May-Jul. 1997	Percent change 4/	May-Jul. 1998	Percent change 4/	Jan.-Jul. 1997	Percent change 4/	Jan.-Jul. 1998	Percent change 4/
	Million Pounds							
<b><u>MILK</u></b>								
Production	40,596	3.6	40,545	-0.1	92,968	2.1	93,263	0.3
Marketings	40,235	3.6	40,204	-0.1	92,138	2.2	92,478	0.4
Beginning Commercial Stocks 2/	7,000	24.9	6,460	-7.7	4,704	14.8	4,889	3.9
Imports 2/	607	-5.6	1,200	97.7	1,358	3.3	2,200	62.0
Total Supply 3/	47,842	6.2	47,864	0.0	98,200	2.7	99,567	1.4
Ending Commercial Stocks 2/	7,354	32.7	6,541	-11.1	7,354	32.7	6,541	-11.1
Net Removals 2/	345	1,280.0	63	-81.7	495	768.4	354	-28.5
Commercial Disappearance 3/	40,143	1.6	41,260	2.8	90,351	0.4	92,672	2.6
<b><u>SELECTED PRODUCTS 5/</u></b>								
Butter	254.1	-0.5	263.5	3.7	638.8	-8.8	633.4	-0.8
American Cheese	827.2	-0.6	847.5	2.5	1,893.3	1.7	1,940.7	2.5
Other Cheese	1,068.0	2.0	1,092.1	2.3	2,425.2	3.0	2,493.6	2.8
Nonfat Dry Milk	247.8	-16.7	196.8	-20.6	575.7	-12.2	496.3	-13.8
Fluid Milk Products 6/	13,368.8	0.2	13,368.4	0.0	31,935.5	-0.4	31,778.3	-0.5

1/ Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. 2/ Milk-equivalent, milkfat basis. Calculated using slightly different factors than previously. Further changes may be made as technical parameters become available. 3/ Totals may not add because of rounding. 4/ From year earlier on a daily average basis. 5/ Commercial disappearance in product pounds. 6/ Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA. This information is now available through AutoFAX. To request a document, dial (202) 219-1107 and enter document number 11521 when prompted.

## BUTTER PRODUCTION

MILLION POUNDS

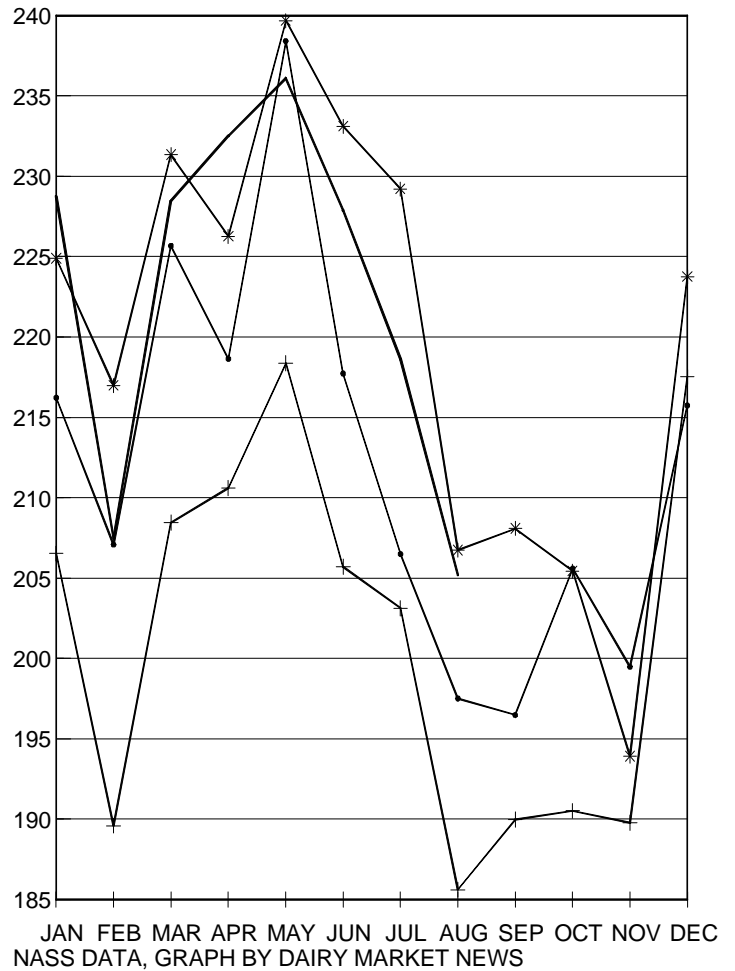


1995 1996 1997 1998

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## U.S. CHEDDAR CHEESE PRODUCTION

MILLION POUNDS



NASS DATA, GRAPH BY DAIRY MARKET NEWS

MINIMUM FEDERAL ORDER AND ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES 1/												
CITY	OCT 1996			OCT 1997			SEP 1998			OCT 1998		
	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference
	Dollars Per Hundredweight											
Atlanta, GA	18.02	19.72	1.70	15.15	16.35	1.20	17.85	19.00	1.15	18.07	19.22	1.15
Baltimore, MD	17.97	18.72	0.75	15.10	16.15	1.05	17.80	18.85	1.05	18.02	19.07	1.05
Boston, MA	18.18	18.91	0.73	15.31	15.94	0.63	18.01	18.49	0.48	18.23**	18.71	0.48
Carbondale, IL	16.95	18.65	1.70	14.08	16.07	1.99	16.78	18.14	1.36	17.00	18.36	1.36
Charlotte, NC	18.02	20.08	2.06	15.15	16.35	1.20	17.85	19.00	1.15	18.07	19.22	1.15
Chicago, IL	16.34	18.44	2.10	13.47	15.63	2.16	16.17	17.76	1.59	16.39	17.98	1.59
Cincinnati, OH	17.05	18.30	1.25	14.18	16.08	1.90	16.88	18.63	1.75	17.10	18.85	1.75
Cleveland, OH	16.94	18.00	1.06	14.07	15.97	1.90	16.77	18.27	1.50	16.99	18.49	1.50
Dallas, TX	18.10	18.65	0.55	15.23	16.23	1.00	17.93	18.18	0.25	18.15	18.40	0.25
Denver, CO	17.67	17.82	0.15	14.80	14.95	0.15	17.50	17.75	0.25	17.72	17.97	0.25
Des Moines, IA	16.49	17.94	1.45	13.62	15.15	1.53	16.32	17.12	0.80	16.54	17.39	0.85
Detroit, MI	16.79	17.73	0.94	13.92	14.59	0.67	16.62	17.29	0.67	16.84	17.81	0.97
Hartford, CT	18.08	18.81	0.73	15.21	15.84	0.63	17.91	18.39	0.48	18.13**	18.61	0.48
Houston, TX	18.64	19.19	0.55	15.77	16.77	1.00	18.47	18.72	0.25	18.69	18.94	0.25
Indianapolis, IN	16.84	18.16	1.32	13.97	15.81	1.84	16.67	18.22	1.55	16.89	18.44	1.55
Kansas City, MO	16.86	17.96	1.10	13.99	15.47	1.48	16.69	17.39	0.70	16.91	17.66	0.75
Little Rock, AR	17.71	18.21	0.50	14.84	15.84	1.00	17.54	18.34	0.80	17.76	18.56	0.80
Louisville, KY	17.05	18.00	0.95	14.18	15.13	0.95	16.88	17.98	1.10	17.10	18.20	1.10
Miami, FL	19.12	22.13	3.01	16.25	19.16	2.91	18.95	21.77	2.82	19.17	21.99	2.82
Milwaukee, WI	16.25	18.35	2.10	13.38	15.54	2.16	16.08	17.67	1.59	16.30	17.89	1.59
Minneapolis, MN	16.14	17.59	1.45	13.27	14.77	1.50	15.97	16.75	0.78	16.19	17.02	0.83
New Orleans, LA	18.59	19.24	0.65	15.72	16.72	1.00	18.42	18.77	0.35	18.64	18.99	0.35
Oklahoma City, OK	17.71	18.26	0.55	14.84	15.84	1.00	17.54	18.19	0.65	17.76	18.41	0.65
Omaha, NE	16.69	17.79	1.10	13.82	15.30	1.48	16.52	17.22	0.70	16.74	17.49	0.75
Philadelphia, PA	18.03	18.73	0.70	15.16	16.18	1.02	17.86	18.88	1.02	18.08	19.10	1.02
Phoenix, AZ	17.46	17.46	0.00	14.59	14.59	0.00	17.29	17.29	0.00	17.51	17.51	0.00
Pittsburgh, PA	16.94	17.44	0.50	14.07	14.87	0.80	16.77	17.57	0.80	16.99	17.79	0.80
St. Louis, MO	16.95	18.65	1.70	14.08	16.07	1.99	16.78	18.14	1.36	17.00	18.36	1.36
Salt Lake City, UT	16.84	16.99	0.15	13.97	14.12	0.15	16.67	16.92*	0.25*	16.89	17.14	0.25
Seattle, WA	16.84	17.14	0.30	13.97	14.35	0.38	16.67	17.05	0.38	16.89	17.27	0.38
Spokane, WA	16.84	17.14	0.30	13.97	14.35	0.38	16.67	17.05	0.38	16.89	17.27	0.38
Springfield, MO	17.13	17.68	0.55	14.26	15.26	1.00	16.96	17.61	0.65	17.18	17.83	0.65
Washington, DC	17.97	18.72	0.75	15.10	16.15	1.05	17.80	18.85	1.05	18.02	19.07	1.05
Simple Average	17.37	18.38	1.01	14.50	15.68	1.18	17.20	18.10	0.90	17.42	18.33	0.91

\*Revised.

\*\*NOTE: The Northeast Dairy Compact has established a Class I price level of \$16.94 for the period July 1997 to date. The Compact obligation is \$16.94 less the Federal order Class I price shown for Boston. The effective Class I price level is the Federal order price at location plus the Compact obligation plus the figure shown under the column labeled "Difference".

1/ Class I prices announced for the beginning of the month by the major cooperative in each city market. These prices may not apply to all of the Class I sales in these city markets. Announced prices may not include handling or service charges applicable to milk from supply plants and competitive credits which may be allowed. These prices have not been verified as having been actually paid by handlers.

CCC PURCHASES OF DAIRY PRODUCTS

FOR THE PERIOD OF OCTOBER 1 - 9, 1998				CUMULATIVE TOTALS				UNCOMMITTED INVENTORIES			
	TOTAL	CONTRACT	ADJUSTED		SINCE	SAME PERIOD		PERIOD ENDING	SAME PERIOD		
	PURCHASES	ADJUSTMENTS	PURCHASES		10/01/98	LAST YEAR		10/02/98	LAST YEAR		
<u>BUTTER</u>											
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<u>CHEESE</u>											
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<u>NONFAT DRY MILK</u>											
Nonfortified	-0-	-0-	-0-	-0-	-0-	1,395,356		42,802,000		-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-		-0-		-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	1,395,356		42,802,000		-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
PERIOD OF OCTOBER 1 - 9, 1998 =	0.0	0.0	COMPARABLE WEEK IN 1997 =	0.3	16.2
CUMULATIVE SINCE OCTOBER 1, 1998 =	0.0	0.0	CUMULATIVE SAME PERIOD LAST YEAR =	0.3	16.2
CUMULATIVE JANUARY 1 - OCTOBER 9, 1998 =	25.0	1,320.2	COMPARABLE CALENDAR YEAR 1997 =	24.9	406.6

\* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

\*\*Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/98 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL									
REGION	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98	1997/98
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0	0.0
WEST	-0-	-0-	-0-	-0-	-0-	1,395,356	0.0	100.0	0.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0	0.0
TOTAL	-0-	-0-	-0-	-0-	-0-	1,395,356	0.0	100.0	0.0

SELLBACK TO THE TRADE      NONFAT DRY MILK (POUNDS)      MILK EQUIVALENT - MILKFAT BASIS\* - MILLION POUNDS

PERIOD OF OCTOBER 1 - 9, 1998	128,847	0.0
CUMULATIVE SINCE 10/1/98	128,847	0.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1998

MANUFACTURING MILK: Average Test 3.67% - \$10.05 per cwt.; 3.5% - \$9.95

DOLLARS PER POUNDBUTTER: Bulk \$.6500; 1# Prints \$.6800CHEESE: 40 & 60# Blocks \$1.1150; 500# Barrels \$1.0850; Process American 5# \$1.1675; Process American 2# \$1.2075NONFAT DRY MILK: Nonfortified \$1.0280; Fortified \$1.0380; Instant \$1.1855Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 09/19/98 & Comparable Week 1997 1/ 2/

Regions*											: U.S. TOTAL		: % DAIRY OF ALL		
											WEEK	SINCE JAN 1	WEEK	SINCE JAN 1	
1998-Dairy cows	HD (000)	: 0.2	1.5	6.3	5.8	18.3	2.4	2.9	1.0	9.7	2.7	50.8	1,918.3	43.2	45.6
1997-Dairy cows	HD (000)	: 0.4	1.6	6.8	5.9	21.0	2.9	3.2	1.2	9.6	3.3	55.9	2,082.0	45.4	45.9
1998-All cows	HD (000)	: 0.2	1.6	8.6	16.8	25.4	20.6	19.3	5.9	12.0	7.1	117.5	4,211.0		
1997-All cows	HD (000)	: 0.4	1.6	9.5	18.2	29.6	19.5	16.5	8.5	12.4	7.1	123.2	4,531.8		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CCC MARKET PRICE PURCHASES

PROCESS		NOVEMBER DELIVERY
5# PROCESS LOAF	1,663,200	\$1.8900-1.9725
PROCESS SLICED	950,400	\$1.9300-2.0450
<u>MOZZARELLA</u>		
MOZZARELLA, LMPS	887,040	\$1.9367-1.9820
MOZZARELLA LITE SHREDDED	443,520	\$2.1010-2.1210
<u>CHEDDAR</u>		
BLOCKS	239,701	\$2.0575-2.0700
CHEDDAR CUTS	319,600	\$2.1650-2.1975
SHREDDED	76,800	\$2.1200
REDUCED FAT CUTS	79,900	\$2.3975
REDUCED FAT SHREDDED	192,000	\$2.3400

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/98 = 4,852,161

BASIC FORMULA PRICE (BFP), MAY 1995\* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83	12.96	13.29
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10			